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**FISCAL IMPACT STATEMENT**

**LS 6701**

**BILL NUMBER:** SB 210

**NOTE PREPARED:** Jan 17, 2006

**BILL AMENDED:**

**SUBJECT:** Medical Error Reporting.

**FIRST AUTHOR:** Sen. Dillon

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**      GENERAL  
**X** DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires a health care facility to file with an agency selected by the Department of Health, patient safety incident reports concerning certain acts that cause or could have caused harm to a patient. It allows other persons to file patient safety incident reports. The bill requires the agency to receive, process, and summarize the patient safety incident reports. It also makes the reports and certain other information confidential. The bill requires the State Department of Health to study and develop quality indicators for infections and establish infection monitoring systems as part of the Health Care Quality Indicator Data Program.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The bill requires the State Department of Health to contract with another state agency or a private nongovernmental organization that does not have regulatory control over a health care facility. The agency is to develop incident reporting forms, receive reports of patient safety incidents, analyze the reports, and prepare and distribute quarterly summary patient safety reports to the Department of Health. The agency is also to make findings and recommendations based on the reported information.

The Department of Health is to distribute the patient safety information to health care facilities, health care organizations, or governmental agencies as necessary. The information to be reported to the agency is to be determined by State Department of Health rules. An incident report of an occurrence that caused or could have caused a patient harm is to contain information required by the Department.

Health care facilities that are required to report include: abortion clinics, ambulatory outpatient surgical

centers, birthing centers, community mental health centers, community mental retardation and other developmental disabilities centers, community or migrant health centers, nursing facilities, home health agencies, hospice programs, hospitals, maternal and child health clinics, methadone clinics, and psychiatric hospitals. The cost of the program will be dependent upon administrative actions taken by the Department of Health in determining the agency to administer the program, the events to be reported, and the associated information required.

The bill also requires the Department to study and develop quality indicators for infections and, where the Department deems appropriate, to establish infection monitoring programs.

Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations.

*Background:* The Department of Health promulgated Adverse Event Reporting regulations, effective January 1, 2006. These rules require hospitals and ambulatory outpatient surgical centers to include serious adverse event reporting in the requirements for the required quality assessment and improvement programs of these two types of licensed providers. Rules are being promulgated that will include licensed birthing centers and abortion clinics in the reporting requirements as well. The requirements for reporting include more narrowly defined terminology for adverse drug event or what constitutes a reportable event.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local government-owned hospitals and clinics would fall under the reporting requirements of this bill.

**Explanation of Local Revenues:**

**State Agencies Affected:** State Department of Health and a yet-to-be-determined state agency with no health care regulatory oversight.

**Local Agencies Affected:** Local departments of health that may operate maternal & child health clinics or other clinics that might be required to report.

**Information Sources:** Department of Health; *Indiana Register*, Volume 29, Number 4, January 1, 2006, LSA Document #05-3226(E).

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